

ST 04-0035-GIL 01/29/2004 MANUFACTURING MACHINERY & EQUIPMENT

The manufacturing machinery and equipment exemption does not extend to cameras and equipment to take pictures, expose film, or otherwise create the images for photoprocessing. See 86 Ill. Adm. Code 130.330. (This is a GIL.)

January 29, 2004

Dear Xxxxx:

This letter is in response to your letter dated June 30, 2003, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at [www.ILTAX.com](http://www.ILTAX.com) to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

I am writing to request a private letter ruling regarding the taxes that are being placed upon us for a certain piece of equipment.

To recap the situation, there was an audit preformed and a notice of liability, IDR found the equipment that we used here except for one piece and associated software fell under the heading of 'manufacturing'.

The rest of our entire process has already been ruled as a manufacturing process. The sole purpose of the ITEM is to create our final product for the client. This is one part of that process that is used to create a final product for that process.

I am asking for a ruling on the one piece of equipment and associated software on the grounds that its sole purpose is to create goods in our process and therefore should also fit under this exemption.

A layout of our systems and product description are contained herein.

I look forward to hearing from you soon.

**DEPARTMENT'S RESPONSE:**

We cannot issue the letter ruling you have requested. Generally, the Department's auditors are in the best position to make a specific determination regarding the use of a particular piece of equipment. Please note that the Department has consistently taken the position that the manufacturing machinery and equipment exemption does not extend to cameras and equipment to take pictures, expose film, or otherwise create the images for photoprocessing. See prior Department letter rulings ST 01-0236-GIL (11/13/01) and ST 98-0347-GIL (11/10/98); and the Department's administrative rule regarding the manufacturing machinery and equipment exemption, 86 Ill. Adm. Code 130. 330. In addition, the use of digital imaging equipment is generally not considered a manufacturing process and such equipment does not qualify for the manufacturing machinery and equipment exemption.

I hope this information is helpful. If you require additional information, please visit our website at [www.ILTAX.com](http://www.ILTAX.com) or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Terry D. Charlton  
Associate Counsel

TDC:msk